



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 5/25/2004

GAIN Report Number: CS4005

Costa Rica

Coffee

Annual Report

2004

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Report Highlights:

Costa Rica's 2003/2004 crop reached 2,119,227 60 kg. bags, 4.5% lower than previously expected. Lower use of inputs by farmers and in many cases abandonment of the plantations, are blamed for lower output. Although the Costa Rican Coffee Institute (ICAFFE) does not yet have a forecast of next year's crop, there are indications that production may decline further to approximately 2,050,000 60 kg. bags.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
San Jose [CS1]
[CS]

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Executive Summary

Costa Rica's coffee production declined in 2003/2004 for the fourth year in a row to 2,119,227 60 kg. bags. The crop was 4.5% short of last year's forecast, mainly as a result of reduced fertilizer use and abandonment of plantations by producers. Production is expected to decline in 2004/2005 to 2,050,000 bags, primarily as a result of the continued low use of inputs by producers and the abandonment of areas. Some sources believe that the 2004/2005 crop may remain about the same as 2003/2004 or even increase slightly because of the cyclical nature of coffee production. At this point we believe that unless there is significant upward change in price that allows producers to increase input use, production will decline again.

Table 1: Production, Supply and Distribution: Green Coffee

PSD Table

Country Commodity	Costa Rica (1000 HA)(MILLION TREES)(1000 60 KG BAGS)					
	2003 USDA Official [Revised Estimate [10/2002	2004 DA Official [Estimate Estimate [10/2003	2005 DA Official [Forecast Estimate [10/2004
Market Year Begin						
Area Planted	107	107	107	107	0	107
Area Harvested	100	100	100	100	0	100
Bearing Trees	410	410	410	410	0	410
Non-Bearing Trees	50	50	50	50	0	50
TOTAL Tree Population	460	460	460	460	0	460
Beginning Stocks	1416	1416	1374	1373	1319	1317
Arabica Production	2188	2207	2220	2119	0	2050
Robusta Production	0	0	0	0	0	0
Other Production	0	0	0	0	0	0
TOTAL Production	2188	2207	2220	2119	0	2050
Bean Imports	0	0	0	0	0	0
Roast & Ground Imports	0	0	0	0	0	0
Soluble Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	3604	3623	3594	3492	1319	3367
Bean Exports	1925	1945	1950	1910	0	1850
Roast & Ground Exports	0	0	0	0	0	0
Soluble Exports	0	0	0	0	0	0
TOTAL Exports	1925	1945	1950	1910	0	1850
Rst,Ground Dom. Consum.	300	300	320	260	0	250
Soluble Dom. Consum.	5	5	5	5	0	5
TOTAL Dom. Consumptio	305	305	325	265	0	255
Ending Stocks	1374	1373	1319	1317	0	1262
TOTAL DISTRIBUTION	3604	3623	3594	3492	0	3367

Production

According to preliminary data from the Costa Rican Coffee Institute (ICAFFE), coffee production declined to 2,119,227 60 kg bags in 2003/2004, or 3.98% as compared to 2002/2003 production. Several factors including lack of financing, lower input utilization and abandonment of plantations, continue to affect the sector. The same problems are expected to result in lower output in 2004/2005, forecast at 2,050,000 60 kg bags.

Although the rainy season started strongly this year and the flowering has been fairly good, the plants have not received the proper fertilization to warrant a larger crop in 2004/2005.

An interesting statistic from the ICAFFE, indicates that the number of coffee producers declined from 74,270 in 1999/2000 to 62,983 in 2002/2003, primarily as a result of the low price of coffee in the international market.

Area

In spite of the difficult situation, area planted to coffee remains stable. However, many producers have abandoned their plantations, which continue to produce coffee, although at a

much lower yield. According to industry sources, the gradual elimination or abandonment of marginal areas is resulting in a higher average quality of the Costa Rican coffee crop.

Consumption

According to the ICAFE, coffee consumption has continued to decline in the Costa Rican market. People are simply drinking less coffee. The ICAFE has tried to increase consumption among the younger population, but consumption has continued to decline since 2000/2001. Nevertheless, Costa Rica still has one of the highest per capita consumption rates of coffee in the world, according to the International Coffee Organization.

Trade

Costa Rica's coffee exports during the 2002/2003 crop year amounted to 1,945,057 60 kg. bags, down 3.56 percent from the previous crop year. The U.S. remains the main destination for Costa Rican coffee, with 43.5 percent market share in 2002/2003, followed by Germany with 15 percent. Costa Rican exporters successfully continue to make efforts to gain market share in the international fine or gourmet coffee markets. According to recent publications, coffee from different Costa Rican suppliers obtained prices in excess of \$260 per bag in a recent auction of the U.S. Specialty Coffee Association.

Table 2: Export Matrix, Coffee, Green

Export Trade Matrix

Country Costa Rica

Commodity Coffee, Green

Time Period	MY 2003	Units:	60 kg bags
Exports for:			1
U.S.	846,131	U.S.	
Others		Others	
Germany	290,984		
Italy	149,839		
Japan	143,487		
Belgium	103,678		
Netherlands	85,878		
Canada	58,871		
Spain	41,786		
France	39,196		
U.K.	30,571		
Total for Others	944,290		0
Others not Listed	154,637		
Grand Total	1,945,058		0